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GENERAL COUNSEL

24 APR 11 2001

Before the State of South Carolina  
Department of Insurance

STATE OF SOUTH CAROLINA  
DEPARTMENT OF INSURANCE

In the matter of: )  
)  
Canal Insurance Company )  
)  
400 East Stone Avenue )  
Greenville, South Carolina 29602-007 )  
\_\_\_\_\_ )

Consent Order Imposing  
Administrative Fine

File Number: 102844

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Canal Insurance Company of South Carolina

The Company hereby admits, and I find as a fact, that it: **1)** failed to maintain a complaint handling procedures manual in violation of S.C. Code Ann. §38-13-10 (Supp 1998), **2)** failed to notify the Department of all appointed agents prior to the agents transacting business in the State, and permitting agents and/or brokers who were not licensed by Canal to transact business on your behalf, in violation of S.C. Code Ann. §38-43-20 (Supp 1998), S.C. Code Ann. §38-43-40 (Supp. 1998), and S.C. Code Ann. §38-43-60 (Supp. 1998), **3)** failed to provide the appropriate notice of cancellation in violation of S.C. Code Ann. §38-75-730 (B).

These acts are direct violations of South Carolina law that can ultimately lead the revocation or suspension of an insurer's certificate of authority to transact the business of insurance in South Carolina.

Prior to the initiation of any administrative proceedings by the Department against the Company, the parties agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision based solely upon the record. The consensual recommendation was that the Company would waive its right to a public hearing and immediately pay an administrative fine in the total amount of \$2,000.

S.C. Code Ann. §38—5-120 (Supp. 1998) states, in pertinent part, that the Director of Insurance “shall revoke or suspend certificates of authority granted to an insurer...if he is of the opinion upon examination or other evidence that...the insurer has not complied with the law or with the provisions of its charter.” Alternatively, Section 38-5-130 provides that in lieu of license revocation or suspension, the Director may impose a monetary penalty as provided in Section 38-2-10.


After a thorough review of the record, carefully considering the recommendation of the parties, and in accordance with my findings of fact, I now conclude, as a matter of law, that the Company has violated S.C. Code Ann. §38-13-10 (Supp 1998), S.C. Code A S.C. Code Ann. §38-75-730 (B), §38-43-20 (Supp 1998), S.C. Code Ann. §38-43-40 (Supp. 1998), and S.C. Code Ann. §38-43-60 (Supp. 1998). Although I can now revoke the Company's certificate of authority, I hereby invoke the discretionary authority given to me and impose against the Company an administrative fine in the total amount of \$2,000. That fine must be paid within ten days of the date of my signature upon this Consent Order. If that total fine amount is not timely paid, the Company's certificate of authority will be summarily revoked without any further disciplinary proceedings.

By its authorized signature upon this Consent Order, the Company acknowledges that this administrative order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. Sections 30-4-10 *et seq.* (Supp. 1991 and 1998). Nothing contained within this administrative order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement office or judicial officer. Nothing contained within this administrative order should be construed to limit the statutory duty, pursuant to S.C. Code Ann. §38-3-110 (Supp. 1998), of the Director of Insurance, exercised either directly or through the Department of Insurance, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report."

It is, therefore, ordered that Canal Insurance Company shall, within ten days of the date of my signature on this Consent Order, pay through the South Carolina Department of Insurance an administrative fine in the total amount of \$2000.

It is further ordered that a copy of this consent order be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

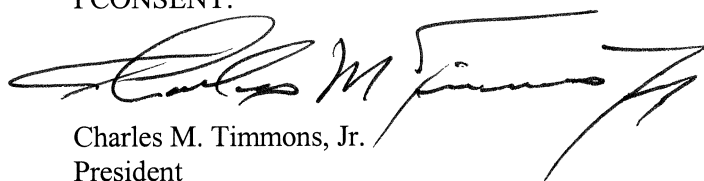
This consent order becomes effective as of the date of my signature below.



Ernst N. Csiszar  
Director

April 9, 2001  
Columbia, South Carolina

I CONSENT:



Charles M. Timmons, Jr.  
President  
Canal Insurance Company  
Greenville, South Carolina 29601

Dated this 9th day of April, 2001